

STATE OF INDIANA)
)
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT

CAUSE NO. 49C010305m1001341

SALLY B. MCCARTY, as the
Insurance Commissioner of the Department
of Insurance of the State of Indiana,

Petitioner,

vs.

EAST CHICAGO FEDERATION OF
TEACHERS TRUST

Respondent.

FILED

147

MAY 14 2003

Dwight L. Miller
CLERK OF THE
MARION CIRCUIT COURT

ORDER OF REHABILITATION

On May 13, 2003, Sally B. McCarty, as the Insurance Commissioner of the Department of Insurance of the State of Indiana, filed a Verified Consent Petition For Rehabilitation and Injunction ("Petition") concerning East Chicago Federation of Teachers Trust ("Trust"). The Trust, acting by and through its Board of Trustees, pursuant to the terms of a Consent Order of Supervision dated November 1, 2002, as executed and filed as Exhibit A to the Petition, has consented to this Order of Rehabilitation.

Having considered the Petition and the Consent and being fully advised, the Court finds that the facts stated therein are true and that the relief sought in the Petition should be granted.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED:

(1) The Trust acted as an insurer in Indiana without the required certificate of authority in violation of Ind. Code 27-4-5-2.

(2) Indiana Insurance Commissioner Sally B. McCarty (and her successors in office) is hereby appointed Rehabilitator of the Trust.

(3) The Rehabilitator is directed to take possession of the assets of the Trust as soon as possible and to administer them under the general supervision of this Court.

(4) The Rehabilitator is directed to file accountings at least semiannually with this Court or at such other intervals as the Court may specify from time to time.

(5) The Rehabilitator is authorized to employ and to fix the compensation of such special deputies, counsel, clerks, and assistants as she considers necessary, and such compensation and all other expenses of her taking possession of the Trust and of her conducting this proceeding shall be paid out of the funds or assets of the Trust.

(6) Each of the kinds of actions or proceedings described in paragraphs 13 and 14 of the Petition would constitute an interference with this proceeding and an injunction, pursuant to Ind. Code 27-9-1-4, should be entered to prevent the commencement, prosecution or further prosecution of or the taking of any and all such actions or proceedings.

(7) The Trust's policyholders, Certificate Holders, creditors, agents, brokers, reinsurers and all other persons are hereby enjoined from:

(a) The commencement, prosecution or further prosecution of any suit, action or other proceeding against the Trust or the Commissioner in the nature of a class action under Rule 23 of the Federal Rules of Civil Procedure or any comparable state or federal procedural or equitable law, rule or doctrine;

(b) The commencement, prosecution or further prosecution of any suit, action or other proceeding, on behalf of, in the name of, or against the Trust or the Commissioner in the nature of a derivative action under Rule 23.1 of the Federal Rules of

Civil Procedure or any comparable state or federal procedural or equitable law, rule or doctrine;

(c) The commencement, prosecution or further prosecution of any suit, action, or other proceeding against the Trust, its Certificate Holders or the Commissioner, by way of original claim, third-party claim, joinder or otherwise which seeks any one or more of the following kinds of relief against the Trust, its Certificate Holders or the Commissioner, whether solely or in the alternative and whether joint, several, or joint and several with respect to one or more other defendants:

- (i) money damages, including any efforts to collect monies allegedly due from Certificate Holders for health insurance benefits provided by the Trust;
- (ii) punitive damages;
- (iii) the appointment of a receiver, trustee, referee, master or other similar court officer;
- (iv) a mandatory or prohibitive injunction or restraining order;
- (v) specific performance;
- (vi) imposition of a constructive trust or equitable lien;
- (vii) specific performance, rescission or similar relief arising from the issuance of any insurance product of the Trust or the entering into any contract by or with the Trust; or
- (viii) declaratory relief as to liability in the nature of any of the foregoing;

(d) The obtaining of any preference, judgment, attachment, garnishment or lien against the Trust or its property or assets, or any part thereof, wherever located, or

the levying of execution against the Trust or its property or assets, or any part thereof, wherever located, or the repossession of the property or assets of the Trust, or any part thereof, wherever located, or the commencement, prosecution or further prosecution of any suit, action or proceeding having any such purpose or effect;

(e) The transfer, waste, or dissipation of the bank accounts or any of the property or assets of the Trust, the transaction of any business of the Trust without the approval of the Commissioner, or the withholding from the Commissioner of the books, accounts, documents, data processing and computer information, or other records relating to the business of the Trust;

(f) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of the Trust; and

(g) Any other threatened or contemplated action that might lessen the value of the Trust's assets or prejudice the rights of policyholders, Certificate Holders, creditors, agents, brokers, reinsurers or the administration of a proceeding under Ind. Code 27-9;

(8) All persons desirous of commencing, prosecuting, or further prosecuting any suit, action, or proceeding described in the foregoing paragraph 7 of this Order are hereby ordered to do so in this Court as a part of this receivership proceeding or, in the alternative, to seek leave of this Court, with prior notice to the Rehabilitator and her counsel, to institute or prosecute such action or proceeding elsewhere.

(9) All secured creditors or parties, pledgees, lien holders, collateral holders or other persons claiming a secured, priority or preferred interest in any property or assets of the Trust are hereby enjoined from taking any steps whatsoever to transfer, sell, encumber, attach,

dispose of or exercise purported rights in or against any property or assets of the Trust without the prior approval of the Rehabilitator.

(10) This Order is subject to Ind. Code 27-9 and to further order of this Court and is without prejudice to the right of any person (a) to request that any suit, action or proceeding described in paragraph 6 above be dismissed with or without prejudice or stayed, (b) to take any action directed toward such a dismissal or stay, or (c) to assert any claim against the Trust or the Rehabilitator in this action.

(11) The Rehabilitator is authorized to employ, or continue the employment of, appropriate special or local legal counsel to represent the interests of the Trust and the Rehabilitator, all upon such terms and conditions as the Rehabilitator considers necessary, and to pay for such counsel out of the funds or assets of the Trust.

(12) The Court retains jurisdiction to issue such further orders as may be appropriate.

Date: _____

MAY 1 2003

Theresa M. Sosin
Judge, Marion Circuit Court

